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PIONEER RAILROAD EQUIPMENT CO., LTD
1318 SOUTH JOHANSON ROAD • PEORIA, ILLINOIS 61607 • (309) 697-1400

RECORDATION NO. **19680** FILED TO 1405

October 31, 1995

NOV 1 1995 10 25 AM

0100836027

Interstate Commerce Commission
Recordation Department, Room 2311
12th. & Constitution Ave., N.W.
Washington, D.C. 20423

RECORDATION NO. **19682** FILED TO 1405

NOV 1 1995 10 25 AM

RECORDATION NO. **19681** FILED TO 1405

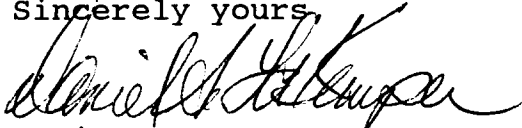
RE: Locomotive Leases NOV 1 1995 10 25 AM

INTERSTATE COMMISSION

Dear Sir or Madam:

Enclosed are three (3) separate locomotive leases for recordation, along with the checks for the filing fees. Please record, and return the file-stamped originals. If you have any questions, please call me.

Sincerely yours,


Daniel A. LaKemper,
General Counsel.

NOV 1 10 23 AM '95
LICENSING DIVISION

Enclosures.

NOV 1 1995 10:51 AM

LOCOMOTIVE LEASE AGREEMENT

THIS LOCOMOTIVE LEASE AGREEMENT ("Lease") is entered into this 7th day of April, 1995, by and between PIONEER RAILROAD EQUIPMENT CO., LTD., an Iowa Corporation, as Lessor, whose address is 1318 S. Johanson Road, Peoria, Illinois 61607 (hereinafter "PREL"), and THE ANDERSONS, an Ohio limited partnership, as Lessee, whose address is 480 W. Dussel Dr., Maumee, Ohio 43537 (hereinafter "Lessee"); WITNESSETH THAT:

WHEREAS PREL is the owner of a certain locomotive hereinafter described; and

WHEREAS Lessee is desirous of leasing said Locomotive for switching purposes in/near Clymers, Indiana;

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. LEASE AND LEASED PROPERTY. Lessee hereby leases from PREL, an EMD Type GP-9 locomotive, currently marked "PREX-#905", and equipped with a Kim "Hot Start" (hereinafter the "Locomotive"), together with the parts, accessories, attachments and devices, if any, now or hereafter affixed thereto, under the terms and conditions herein provided.

2. TERM. The term of this Lease shall commence on the date first written above and shall continue in full force and effect through May 30, 1996, unless sooner terminated as provided herein.

3. RENTAL.

(A) The rental payable shall be \$1,000 per month, payable in advance on the first of each and every month during the term hereof (except as provided below). In addition, Lessee shall pay \$30. per day for each day between the day the Locomotive is delivered to Lessee and May 1, 1995, as well as the Freight Charges for delivery (as provided in Section 6). In addition, Lessee shall pay a Return and Security Deposit of \$3,000.00. If all sums due hereunder are paid in full, and the Locomotive is returned in compliance with Section 6, PREL shall refund any excess Deposit amount after deduction of the transportation charges for return. The Return and Security Deposit and first month's Rental are due upon execution of this Lease. PREL shall invoice the Freight Charges upon receipt of bills therefor from the railroads involved, and shall invoice Lessee for the \$30.00 per day charges, along with Lessee's second month's Rental.

(B) If any payment of Rental due is more than five (5) calendar days late, there shall be a late fee of \$50.00 due and payable to PREL, for administrative cost of such late payment.

(C) All Rentals shall be paid to PREL at 1318 S. Johanson Road, Peoria, Illinois 61607, or at such other address as PREL may from time to time direct in writing.

4. TAXES. Lessee shall be responsible for the payment and filing of all use, excise, ad valorem, personal property, stamp, documentary and similar taxes levied or imposed upon, or relating to this lease of the Locomotive, or the use, registration, rental, maintenance, possession or operation thereof, and shall hold PREL harmless against any liability and expense (including attorney fees and court costs and expenses) on account of Lessee's failure to do the same.

5. OWNERSHIP AND INSPECTION. PREL shall retain all rights and interest in the Locomotive not herein specifically mentioned, including but not limited to:

(A) The Locomotive shall at all times remain the sole and exclusive property of PREL.

(B) Upon reasonable notice to Lessee, PREL or its agents shall have free access to the Locomotive at reasonable times for the purpose of inspections.

(C) No accessions, additions, alterations, improvements to or removals from the Locomotive, of any nature, shall be made without PREL's written consent, but if any additions or improvements are made, they immediately shall become part of the Locomotive and shall become PREL's sole and exclusive property.

(D) Lessee shall keep the Locomotive at all times free and clear of all claims, liens, and encumbrances.

(E) This Lease is intended to be a true lease of the Locomotive, and is not intended and in no way shall be construed to create a sale of the Locomotive or the creation of any equity or ownership interest therein.

6. DELIVERY/RETURN. Delivery of the Locomotive shall be accepted by Lessee at the Decatur Junction Railway ("DJ") yard in Assumption, Illinois. PREL shall cause such Locomotive to be shipped to Lessee at Clymers, Indiana. PREL shall attempt to obtain the most favorable rate. Lessee shall pay for all charges for said shipment ("Freight Charges"). Upon the termination of this Lease, whether by expiration or otherwise, Lessee shall return such Locomotive to PREL, in substantially the same order and condition as that received, reasonable wear and tear excepted, by causing the Locomotive to be interchanged for shipment to the Decatur Junction Railway at Assumption, Illinois. Lessee shall pay all costs and expenses for such return and Lessee shall pay or reimburse PREL for any reasonable expenses incurred by PREL in returning the Locomotive to the condition it was in at the beginning of this Lease, reasonable wear and tear excepted. Prior to shipment, Lessee and PREL shall do a joint inspection in Clymers, Indiana to confirm the condition of the Locomotive.

7. LESSEE'S INSPECTION/WARRANTY DISCLAIMER.

(A) Lessee hereby acknowledges that it has, or will have, the opportunity to inspect the Locomotive prior to accepting delivery of same, and that acceptance of delivery of the Locomotive by Lessee constitutes acknowledgement that they have been received in running condition and repair.

(B) Delivery to and acceptance of the Locomotive by, and execution of this Lease by Lessee shall constitute acknowledgement that the Locomotive is of the manufacture, design, utility, quality and capacity selected by Lessee; that Lessee is satisfied that the same is suitable for its purpose and that Lessee waives any and all warranties, except those expressly made in Section 8.

8. WARRANTY. PREL DISCLAIMS ALL WARRANTIES, EXPRESSED AND IMPLIED, AND MAKES NO REPRESENTATION, EXPRESSED OR IMPLIED, WITH RESPECT TO THE CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE LOCOMOTIVE. THE LOCOMOTIVE WILL BE DELIVERED "AS IS" AND "WITH ALL FAULTS", EXCEPT THAT THE LOCOMOTIVE WILL BE INTERCHANGED TO THE ILLINOIS CENTRAL RAILROAD ("IC") AT DECATUR, ILLINOIS IN INTERCHANGE CONDITION. If IC rejects the Locomotive for interchange at Decatur, PREL shall be permitted to correct the defect(s), within a reasonable time. If IC accepts the Locomotive at Decatur, such acceptance shall create an irrebuttable presumption that it was delivered in interchange condition. PREL also warrants that it has good and valid title to the Locomotive and will defend such title against any third party. IN NO EVENT SHALL PREL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT OR SPECIAL DAMAGES OF ANY NATURE WHATSOEVER, INCLUDING BUT NOT LIMITED TO LOSS OF REVENUES, PROFITS OR USE. Lessee acknowledges that PREL is not the manufacturer of the Locomotive, or any part thereof, nor is it an agent or dealer for the manufacturer or any supplier of any part thereof, and that the Locomotive was purchased "used" by PREL and can be expected to perform and have all of the maintenance needs of a used Locomotive. Lessee understands that no credit shall be granted for "down time" during maintenance or repairs, except as provided in Section 9(K). Nothing herein shall preclude Lessee from pursuing any claim against any third party for damage to the Locomotive occurring after it is interchanged to IC; Nor shall Lessee be responsible for any damage to the Locomotive while in transit to Clymers.

9. USE/MAINTENANCE. PREL and Lessee agree that:

(A) PREL shall perform ordinary and routine repairs and maintenance of the Locomotive during the term of this Lease, including periodic inspections and testing as required by the Federal Railroad Administration ("FRA"). PREL shall not be responsible for any maintenance or repairs due to the misuse or improper storage or operation of the Locomotive, including, but not limited to, the results of freezing, thawing, vandalism, lack of (or improper) fuel, sand, oil, water, water treatment, or similar operating supplies.

(B) Lessee shall pay all costs, expenses and charges incurred in connection with the lease, possession, use and operation of the Locomotive. Lessee shall be solely responsible for the storage of the locomotive in such a manner that it does not freeze, and is safe from theft or vandalism, and for the safe and proper operation of the Locomotive, including the provision of proper amounts and quality of fuel, sand, oil, water and water treatment. Lessee shall regularly check all fluid levels; shall perform a daily safety check and other operating procedures in accordance with the directions provided by PREL's mechanical personnel; and shall take whatever actions are necessary to assure that the "Hot Start" heating system is functioning, and, if any problem is detected, shall take whatever precautions are necessary to prevent freezing, or other damage to the locomotive.

(C) Lessee shall be responsible for and pay all registrations, certificates, and permits, and all other similar requirements of governmental authorities, whether required to be obtained in the name of Lessor or Lessee.

(D) The Locomotive shall be used and operated only by properly qualified, and trained personnel authorized by Lessee, and in no event shall Lessee permit anyone to operate the Locomotive who is not properly licensed under FRA regulations, if such licensing is required.

(E) Lessee shall comply with all federal, state, municipal and local laws, ordinances, rules and regulations relating to the lease, possession, use and operation and storage of the Locomotive.

(F) Lessee shall be solely responsible for the payment of any and all fines, penalties or forfeitures (including, without limitation, the seizure or confiscation of the Locomotive) levied upon or arising out of the lease, possession, use, operation, storage or insuring of the Locomotive in violation of any law, ordinance, rule or regulation of any governmental authority.

(G) Lessee shall keep and maintain any and all books and records and make any filings required by any governmental authority with respect to the lease, possession, use, operation or storage of the Locomotive.

(H) Lessee may affix vinyl lettering to identify the Locomotive, but shall not repaint the Locomotive without the prior written consent of PREL. Lessee shall keep the legends on the Locomotive identifying it as "owned and leased by Pioneer Railroad Equipment Co., Ltd." clean and visible at all times.

(I) Lessee shall use the Locomotive in the service specified in the recital hereinabove, and no other, except with the prior written consent of PREL, which consent shall not be unreasonably withheld, provided such other service is upon the contiguous railroad system of the United States of America or the Dominion of Canada.

(J) In the event Lessee notes any defects in the Locomotive, or the "Hot Start" heating system, Lessee shall promptly notify PREL of said defects, by phone or fax at the numbers specified in Section 18. In the event the defect involves the "Hot Start" or other urgent problem, Lessee shall use the emergency number(s).

(K) In the event the Locomotive suffers a major failure or breakdown, requiring more than ordinary repair or maintenance work (not due to misuse, improper operation, or other act or omission of Lessee), PREL shall have the option of replacing the Locomotive with another of like kind, or of terminating this Lease. In the event PREL elects to terminate the Lease, it shall have no liability to Lessee whatsoever, including loss of business or incidental or consequential damages. In the event the Locomotive suffers a major failure (as described above) and is not repaired or replaced within 72 hours, Lessee's obligation to make lease payments shall be suspended until such repair or replacement.

10. LIENS, CHARGES. Lessee shall promptly and fully pay for all supplies or materials furnished for, or labor performed upon the Locomotive, at the instance or request or on behalf of Lessee, and shall not permit or suffer any mechanic's or materialman's lien of any kind or nature to be filed or enforced against the Locomotive. Lessee shall indemnify and hold harmless PREL against and from any and all liens, claims, demands, costs and expenses of whatsoever nature (including, without limitation, court costs and attorney fees) in any way connected with or growing out of such work done, labor performed or materials or supplies furnished.

11. INSURANCE.

(A) Lessee shall procure and maintain, at its sole cost and expense, the following kinds of insurance, and provide PREL with a certificate(s) of insurance certifying to the effectiveness of such coverage:

i. General Public Liability insurance providing coverage on the Locomotive in an amount not less than one million dollars (\$1,000,000.00) combined single limit per occurrence, (plus not less than \$2,000,000. in excess coverage) including, without limitation, protection of the interests of Lessee and PREL, including Lessee's operators, with respect to liability for injuries to or death of third persons and damage to or loss or destruction of property of third persons resulting from the possession, maintenance, use or operation of the Locomotive.

ii. Collision and comprehensive physical damage insurance on the Locomotive for the term of this Lease, in an amount not less than the replacement value of the Locomotive, and covering all risks, including, but not limited to, natural and man-made disasters, flooding, freezing, thawing, storms, vehicular accidents, derailments, collision with other locomotives or railroad rolling stock or equipment, vandalism, and theft.

iii. Federal Employers' Liability Act ("FELA") liability insurance, or Workers' Compensation Insurance, if applicable, and employers' liability insurance, covering all employees involved in railroad operations on or near the Locomotive, in an amount not less than one million dollars (\$1,000,000.00) combined single limit per occurrence.

(B) Lessee shall promptly pay when due all premiums for such insurance, and shall keep such insurance in force for the life of this Lease. Such insurance policy(ies) shall contain an endorsement naming Pioneer Railroad Equipment Co., Ltd. as an additional insured with respect to all liabilities arising out of Lessee's obligations hereunder, severability of interests, and shall provide that coverage shall not be cancelled or changed during the term of this Lease without giving at least thirty (30) days prior written notice to PREL at the address for insurance correspondence specified hereinbelow.

(C) All insurance required herein shall be written by an insurance company or companies satisfactory to PREL and authorized to transact business in all of the states in which the Locomotive is to be operated;

(D) All insurance required herein shall provide by endorsement a waiver of subrogation rights by the insurance company and Lessee hereby waives its right to subrogation, as respects the above insurance policy(ies), against PREL for payments made to or on behalf of employees or agents of Lessee, and for loss of its owned or leased property or property under its care, custody or control. The insurance provided for herein shall be primary with respect to any insurance carried by PREL.

(E) Lessee WARRANTS that this Lease has been thoroughly reviewed by its insurance agent(s)/broker(s) and that said agent(s)/broker(s) has been instructed to procure the insurance coverage and endorsements as required herein.

(F) If Lessee shall fail to obtain or maintain the insurance coverage required in this Lease, or shall fail to furnish PREL with certificates therefor, PREL, at its option, may obtain such insurance on behalf of Lessee and at Lessee's expense.

(G) All insurance correspondence shall be directed to: General Counsel, Pioneer Railroad Equipment Co., Ltd., 1318 S. Johanson Road, Peoria, Illinois 61607, or such other address as PREL may provide in writing to Lessee.

12. INDEMNIFICATION.

(A) Notwithstanding the insurance provisions included hereinabove, and irrespective of any responsibility for negligence, Lessee does hereby agree to defend, indemnify, protect and hold harmless PREL, its officers, directors, employees, agents, attorneys, insurers, parents, subsidiaries, affiliated companies, successors and assigns, from and against any and all losses, liabilities, damages, claims, actions, causes of action, penalties, fines, judgements, costs and expenses (collectively "Claim") resulting from, arising out of, or in any way connected with Lessee's use, possession, condition, operation, or maintenance of the Locomotive. This Section is intended to cover, but not be limited to, FELA claims, derailments, crossing or other vehicular accidents, FRA (if applicable) and other health and safety actions, and any claim brought by any state, federal, or local governmental agency or instrumentality under any environmental protection statute, rule, regulation, ordinance, order or other mandate (including the Comprehensive Environmental Response Compensation and Liability Act), unless such Claim arises directly from PREL's sole action. This covenant of indemnity shall continue in full force and effect notwithstanding the termination of this Lease.

(B) Lessee assumes and agrees to indemnify, protect and hold harmless PREL, its successors and assigns, from and against any and all loss, cost and/or expenses arising out of or resulting from any loss, damage, theft or destruction of the Locomotive or any part thereof while in the care, custody or control of, Lessee, or while on property owned or controlled by Lessee.

13. ASSIGNMENT OF LEASE. PREL shall have the unconditional right to assign this Lease, in whole or in part. Lessee shall have no right to assign or sub-lease this Lease or the Locomotive, or any interest therein; provided, however, PREL consents to Lessee assigning this Lease to a new corporation which would be acquiring all or substantially all of Lessee's assets.

14. DEFAULT. Lessee shall be in default under this Lease upon the happening of any of the following events or conditions ("Event of Default"):

(A) Default in the payment when due of any installment of Rental hereunder or of any other obligation for the payment of money now or hereafter owed by Lessee to PREL.

(B) The failure, delay or misfeasance in the performance of any other duty, liability, obligation, covenant or agreement of Lessee hereunder.

(C) The filing of any insolvency, bankruptcy or similar proceeding by or against Lessee under the provisions of the United States Bankruptcy Code or any insolvency law or other statute or any law providing for the modification or adjustment of the rights of creditors, including any assignment by Lessee for the benefit of creditors.

(D) The dissolution or liquidation of Lessee, except after the assignment to a new corporation permitted in Section 13, above.

15. REMEDIES UPON DEFAULT.

(A) Upon the occurrence of any Event of Default, and after first giving notice to Lessee as provided in Section 18, giving Lessee thirty (30) days to correct said deficiency or default, if Lessee still has not remedied the Event of Default, PREL, in its sole discretion, may take one or more of the following actions with respect to the Locomotive:

- i. Declare all unpaid amounts of Rental to be immediately due and payable.
- ii. Terminate the Lease of the Locomotive by written notice.
- iii. Require that Lessee shall, at Lessee's expense, promptly make available to PREL at Lessee's expense, the Locomotive at a place designated by PREL which is reasonably convenient to both parties.
- iv. To take immediate possession of the Locomotive wherever located, and secure it, in such manner as PREL, in its sole discretion deems necessary for its safe-keeping and protection, and Lessee hereby waives and disclaims any rights at law or in equity to notice of such repossession.
- v. Sell or lease the Locomotive, at a public or private sale or proceeding, at such time or times and upon such terms as PREL may determine, free and clear of any rights of Lessee and, if notice thereof is required by applicable law, any notice in writing of any such sale or lease by PREL to Lessee not less than five (5) days prior to the date thereof shall constitute reasonable notice to Lessee.
- vi. Proceed by appropriate action either at law and/or in equity to enforce performance by Lessee of the applicable covenants of this Lease and/or to recover damages for the breach thereof and/or to rescind the Lease hereunder of the Locomotive.
- vii. Exercise any and all other rights and remedies available to PREL under any applicable law. In addition, Lessee shall be charged with and shall pay to PREL all reasonable costs and expenses (including, without limitation, court costs and attorney fees) of PREL incurred as a result of each Event of Default by Lessee.

(B) None of the rights and remedies under or referred to in this Section 15 are intended to be exclusive, but each such right or remedy shall be cumulative and may be availed of separately or concurrently with or in addition to any other right or remedy provided or referred to herein or otherwise available to PREL at law or in equity. Any repossession or subsequent sale or lease by PREL of any Locomotive shall not bar an action against Lessee for any deficiency.

(C) Without limitation of any rights of PREL otherwise existing or otherwise available to PREL, it is expressly covenanted and agreed by the parties hereto that in the event of any assignment by operation of law of this Lease or of any bankruptcy or similar action as described in Section 14(C), PREL may at its option, immediately terminate this Lease, and take such other action as may be necessary or desirable to protect its interest in the Locomotive, without the Notice and opportunity to correct, provided for in subsection 15(A) above.

16. RECORDATION OF PREL'S INTEREST. Lessee agrees to execute all documents requested by PREL to show PREL's interest in the Locomotives. Lessee further authorizes PREL to execute and file financial statements or other documents evidencing PREL's interest in the Locomotive without Lessee's signature.

17. RENEWAL. This Lease shall automatically terminate at the conclusion of the term provided in Section 2, and Lessee shall return the Locomotive to PREL, at its cost and expense, as provided in Section 6, unless the parties shall agree in writing to extend the term.

18. NOTICE. Any Notice required or permitted to be given hereunder shall be by certified mail, postage fully prepaid, and return receipt requested, and shall be addressed to the respective parties at their addresses recited in the preamble hereinabove, or at such other address as the parties may from time to time give notice of. Such Notice shall be effective when received, refused, or returned by the postal service as undeliverable. The parties may be contacted regarding maintenance and operation issues at:

PREL: Telephone (309) 697-1400;	Lessee: Telephone (219) 722-2626
Fax (309) 697-1577	Fax (219) 732-1916
Emergency Telephone No.s:	Emergency No.s:
Orvel Cox (309) 243-7279	Tel.: (317) 564-6130
Jim Nichols (601) 252-1263	Fax: (317) 564-3808
or (601) 236-3989	

or at such other numbers as PREL may from time-to-time give notice of.

19. CHOICE OF LAW; CHOICE OF FORUM. This Lease shall be governed, construed and enforced in accordance with the laws of the State of Illinois, without regard for the principles of conflict of laws. Litigation arising out of or connected with this Lease may be instituted and maintained in the courts of the State of Illinois only, and the parties consent to jurisdiction over their person and over the subject matter of any such litigation in those courts, and consent to service of process issued by such courts.

20. SEVERABILITY. If any clause or provision of this Lease is finally determined to be invalid, illegal or unenforceable by a Court of competent jurisdiction, then that clause or provision only shall be held inoperative, as though not herein contained, and the remainder of this Lease shall remain operative and in full force and effect.

21. WAIVER OF BREACH. The waiver by PREL of the breach of any condition, covenant or agreement herein contained to be kept, observed or performed by the Lessee shall in no way impair the right of PREL to avail itself of any subsequent breach thereof, whether of the same or similar nature, or not. No failure or delay on the part of PREL in exercising any right, power or remedy hereunder shall preclude any subsequent or further exercise thereof.

22. CONSTRUCTION. This Lease constitutes the entire agreement between the parties and supersedes any and all prior agreements, oral or written. No waiver, modification, or amendment of this Lease shall be of any force or effect unless made in writing, signed by the parties, and specifying with particularity the nature and extent of such waiver, modification or amendment. Section headings used in this Lease are inserted for convenience of reference only and shall not be deemed to be a part of this Lease for any purpose. Unless otherwise expressly provided or unless the context otherwise requires, words importing the singular number shall mean and include the plural and vice versa.

23. SUCCESSORS AND ASSIGNS. Subject to the provisions of Section 13, above, this Lease shall be binding upon and inure to the benefit of the parties and

their respective officers, directors, employees, agents, insurers, attorneys, successors and assigns.

Dated this 10 day of April, 1995.

PIONEER RAILROAD
EQUIPMENT CO., LTD.

THE ANDERSONS, an Ohio Limited
Partnership, by
THE ANDERSONS MANAGEMENT CORP.,
Its Sole General Partner

By: [Signature]
Name:
Its:

By: [Signature]
Name: Joseph A. Needham,
Its: General Manager, Delphi/Clymers

STATE OF ILLINOIS)
) SS
COUNTY OF PERU)

The undersigned authority, a Notary Public in and for said County and State, hereby certifies that Guy L. Brennan, of Pioneer Railroad Equipment Co., Ltd., signed the foregoing instrument and, being known to me, acknowledged before me this day that, being informed of the contents of said instrument, he signed as the PRESIDENT of said corporation, and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 10th day of April, 1995.

[Signature]
Notary Public



STATE OF INDIANA)
) SS
COUNTY OF CARROLL)

Before me, a Notary Public, in and for said County and State, personally appeared Joseph A. Needham, the General Manager, Delphi/Clymers, of the Anderson Management Corp., an Ohio corporation, who acknowledged that said corporation is the sole general partner of The Andersons, an Ohio limited partnership, and he being thereunto duly authorized, did sign the foregoing instrument on behalf of said corporation and by authority of its Board of Directors, acting on behalf of the partnership and that the same is the free act and deed of him and of said corporation and partnership.

Given under my hand and official seal this 7th day of April, 1995.

[Signature]
Notary Public

SANDRA LEA WARD
NOTARY PUBLIC STATE OF INDIANA
CARROLL COUNTY
MY COMMISSION EXP NOV 30, 1996

PREL/ANDERSON/04-06-95.